

**Before the State of South Carolina
Department of Insurance**

In the matter of:

Wellpoint Pharmacy Management

27001 Agoura Road, Suite 325
Calabasas Hills, California 91301-5339

SCDI File Number 2000-104525

**Consent Order
Imposing Administrative Penalty
And Allowing Licensure**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Wellpoint Pharmacy Management (Wellpoint), a California domestic company.

Wellpoint admits, and I hereby find as fact, that it acted in the capacity of a third party administrator, processing claims on behalf of at least one HMO in this state, without being licensed to do so. This is a direct violation of S.C. Code Ann. § 38-51-20 (Supp. 2000), which states, in pertinent part, "No person may act as an administrator in this state without being first licensed by the Director or his designee."

Prior to the initiation of any administrative proceedings by the Department against Wellpoint, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to enjoin Wellpoint from transacting business in South Carolina, Wellpoint would immediately pay an administrative penalty in the total amount of \$7,500 and apply to be licensed as a third party administrator.

After a thorough review of the record, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law, that Wellpoint has violated S.C. Code Ann. § 38-51-20 (Supp. 2000). Although I can now permanently enjoin Wellpoint from transacting business in South Carolina, I hereby invoke the discretionary authority given to me and impose against Wellpoint an administrative penalty in the total amount of \$7,500 and require the company to submit an application to be licensed as a third party administrator in South Carolina. If that penalty and application are not remitted within ten days of the date of my signature upon this consent order, Wellpoint understands that it will be automatically and permanently enjoined from transacting further business in South Carolina without any further disciplinary proceedings.

This penalty has been reached by the parties as a result of negotiation and compromise, and in consideration of Wellpoint's assurance that it will timely file an application to be licensed as a third party administrator. This penalty includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code. The parties expressly agree and



Wellpoint Pharmacy Management

understand Wellpoint's payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter. By the signature of one of its officers or authorized representative upon this consent order, Wellpoint acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." *See* S.C. Code Ann. § 38-3-110 (Supp. 2000).

It is, therefore, ordered that Wellpoint Pharmacy Management shall, within ten days of the date of my signature on this consent order, pay through the South Carolina Department of Insurance an administrative penalty in the total amount of \$7,500.

It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

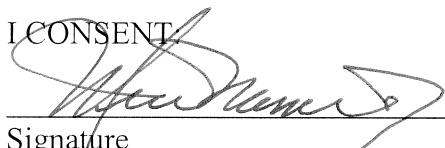
This consent order becomes effective as of the date of my signature below.

March 2, 2001
Columbia, South Carolina



Ernst N. Csiszar
Director

I CONSENT


Signature

MICHAEL A. NAMETH.
Printed Name

GENERAL MANAGER
Title
Wellpoint Pharmacy Management
27001 Agoura Road, Suite 325
Calabasas Hills, California 91301-5339

Dated this 1st day of March 2001.